

09/5/1977

ABSTRACT OF THE DISCLOSURE

A method and process of target pricing a value, such as a bid, or other price which includes the steps of pricing the value using stored list prices in a product model, costing the value using stored costs in the product model, calculating an equivalent competitor net price for the value using a competitor net price model, calculating the probability of winning the value as  
5 a function of price using parameters from a market response model, and calculating a target price for the value. The preferred target price maximizes expected contribution using an optimization model that determines competitive response to any potential value, or bid. The method and process further preferably include the steps of calculating one or more benefits of target pricing in comparison to a pre-existing pricing approach, determining a target range for the target price to be within, and determining strategic objects that constrain the target price of the value or bid.

\* \* \* \* \*

#W048548